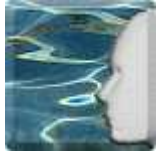


Business as usual



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September 1999, the Gartner Group released a new study that claimed that 75 percent of all e-business projects would fail. Now that nearly every company is working on or planning for its own e-business project, this is an alarming statement. However, are we surprised?

Unfinished Voyages

In 1995, the [Standish Group](#) released its Chaos report, subtitled "Unfinished Voyages". In this report, they made the analysis of software development projects in the US.

The Standish Group research showed that a staggering 31.1% of projects was cancelled before they ever got completed. A further 52.7% of projects was completed and operational but over-budget (189% of the original estimates), over the time estimate, and offered fewer features and functions than originally specified. Only 16.2% of the projects were completed on time and on budget, with all features and functions as initially specified.

In their Chaos report, they also listed the most common reasons for project failure. According to the Standish Group, the top-5 reasons were:

- Lack of end-user input
- Incomplete requirements and specifications
- Changing requirements and specifications
- Lack of executive support
- Technology incompetence

But of course, this was 1995. We are doing a lot better these days. Or don't we?

As we described in our Xpragmatic View #10, "[Is there life after ERP?](#)", earlier this year the business analysts [Booz-Allen & Hamilton](#) released their publication "Strategy and Business #15, Making ERP Succeed: Turning Fear Into Promise". In this report they listed some results of a recent study regarding ERP implementations. The results showed that the average budget overrun for an ERP implementation was 178%, in elapsed time this figure was even 230%. Not really much better, is it?

And now there is this new study of the [Gartner Group](#), claiming that a full 75 percent of all e-business projects will fail due to poor planning and unrealistic expectations of new technology. It gives me the feeling that very little has changed over the past five years.

Fortunately, the Gartner Group also gave us a list of the most important pitfalls to avoid in such projects. A lot of these go back to the reality that most organisations (and their management) have a very incomplete or biased view on e-business. There certainly is a lack of understanding of the technology, but this is not the most critical problem. More serious is the reality that there neither is a correct understanding of what is behind the technology or the principles that guide e-business success.

Therefore, it isn't at all a surprise that the first warning listed by Gartner is not to view e-business as an end

by itself. E-business has to be a way of achieving business goals, just like you have to do many other things to make your company successful. Today there is so much hype around e-business and nearly every article claims that you must follow this trend, that many organisations do view e-business as an objective itself. This often results in the "follow-the-other" approach that we discussed in our previous Xpragmatic View, "Follow the leader". Of course, if e-business is a way of getting things done, then we have to make sure that we have a sound understanding of the e-business principles.

The second warning was that e-business alone is not a substitute for the rules of good project management. Indeed, even if some of the principles of e-business can seem revolutionary, the implementation remains a project that has to be managed like any other project.

However, be aware that e-business introduces some paradigm shifts. Given the amount of new technology that is being used, many projects start in small groups, isolated from the rest of the IT environment. Traditional development practices or change control procedures are often not used. The speed of deployment and the requirements for frequent and rapid change also inhibit the usage of these traditional techniques. Also, especially with websites, e-business introduces requirements for new skills to be used in the development process such as artists, writers, marketing people, etc. Another reality is the fact that more and more e-business development responsibility moves out of the traditional IT department and becomes a task of several departmental units.

All of these trends are even so many invitations to "forget" good project management practices. However, our view is that especially with e-business the stakes and the requirements are so high that such projects even ask for stronger project management skills compared to the traditional IT-development projects.

The third warning of Gartner is another open door. Do make sure that, before implementing any new technology, there is a sound business goal in doing so. E-business is an open-ended invitation to use new technologies. For some purposes it is impossible to do without it. However, companies should assess their own capability for handling all of this. It is very likely that outside resources will have to be used. Some companies are still unfamiliar with the outsourcing concept.

Always have in mind that e-business is much more than the latest version of Java or XML. There is so much more that makes e-business successful or a failure. Behind the market visibility of websites such as Dell and Amazon there is the reality that the real skills of these companies are not their web-building capabilities, but the management of the logistics process that hides behind the web storefront. Using the latest technology on your website or having the most artistic homepage will not change the reality that behind all of that there is business as usual.


The rest of Gartner's warnings have to do with the requirement to base your e-business initiative upon a sound business plan. E-business introduces a large number of new opportunities (new customers, new markets, new delivery channels...) but even so a number of new challenges (new competitors, non-traditional competitors, price erosion, fast time-to-market requirements...). Most companies will not yet have a strategy in place to handle this, so there might be the need to review your strategy accordingly before engaging in any serious project.

And for those who do not have formal plans to engage in e-business projects, we have only one important advise: review your strategy today. Do not wait until you start your first e-business project later on. Do make the risk assessment of what you might lose if you keep your strategy for your "business as usual". You might discover some threats that you did not expect and perhaps make you change your mind. As some will say "In the coming years there will be e-business or no-business".

And yes, this is hype also.

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